

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

IN RE NOVASTAR FINANCIAL, INC.
SECURITIES LITIGATION

Case No. 04-0330-CV-W-ODS

**MOTION PURSUANT TO RULE 23(e) OF THE FEDERAL RULES OF CIVIL
PROCEDURE FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT**

TO: ALL PARTIES AND THEIR ATTORNEYS OF RECORD

PLEASE TAKE NOTICE that, upon the accompanying memorandum of law, the Stipulation and Agreement of Settlement (the “Stipulation”) and the exhibits thereto, and all prior proceedings had herein, Class Representatives Generic Trading of Philadelphia, LLC and Harrold Daniels, by and through their attorneys, hereby move the Court, the Honorable Ortrie D. Smith, presiding, for an order granting preliminary approval of the proposed settlement of this previously certified securities class action.

WHEREFORE, the Class Representatives respectfully request that the Court enter an Order substantially in the form of the proposed Preliminary Order for Notice and Hearing In Connection With Settlement Proceedings, annexed hereto as Exhibit 1. A copy of the Stipulation and exhibits is annexed hereto as Exhibit 2.

The Class Representatives do not request oral argument. This motion has been discussed with Defendants’ Counsel and they do not oppose this motion and are in full agreement with the text of the proposed Order (which conforms with the proposed Order appended to the Stipulation). A Memorandum in Support follows.

If the Court would like to discuss any of the terms of the Stipulation or the scheduling of the remaining proceedings, we will be pleased to appear before the Court, in person or by

telephone, at the Court's earliest convenience. Otherwise, the parties to the Stipulation jointly respectfully request that the Court enter the proposed Preliminary Order for Notice and Hearing In Connection With Settlement Proceedings.

DATED: December 8, 2008

Respectfully submitted,

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VAUGHAN, P.C.**

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CERTIFICATE OF SERVICE

It is hereby certified that a copy of the above and foregoing documents was filed and served via electronic transmission with the clerk of the court using the CM/ECF system on this 8th day of December, 2008, and thereby served upon all counsel of record.

s/ R. Frederick Walters